

Members

Sen. Marvin Riegsecker, Chairperson  
Sen. David Long  
Sen. Timothy Lanane  
Sen. Frank Mrvan  
Rep. Robert Kuzman, Vice-Chairperson  
Rep. Dennis Avery  
Rep. Thomas Saunders  
Rep. Robert Alderman  
Ron Spencer  
Mike Benham  
Debbie Lewis  
Mark Anthony Catanzarite  
Stephen J. Luecke  
Phil Stiver  
SamTalarico,Jr.  
Jean Lushin  
Paul Ricketts  
John Brown  
Mark D. Becker  
James L. Moore  
Hon. Linda M. Buzinee  
Chief Kris Wolski  
Matthew Taylor



## LOCAL GOVERNMENT EFFICIENCY AND FINANCING STUDY COMMISSION

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### MEETING MINUTES<sup>1</sup>

**Meeting Date:** July 20, 2004  
**Meeting Time:** 10:00 A.M.  
**Meeting Place:** State House, 200 W. Washington  
St., Senate Chambers  
**Meeting City:** Indianapolis, Indiana  
**Meeting Number:** 1

**Members Present:** Sen. Marvin Riegsecker, Chairperson; Sen. David Long; Sen. Timothy Lanane; Sen. Frank Mrvan; Rep. Robert Kuzman, Vice-Chairperson; Rep. Dennis Avery; Rep. Thomas Saunders; Rep. Robert Alderman; Ron Spencer; Mike Benham; Debbie Lewis; Stephen J. Luecke; Phil Stiver; SamTalarico,Jr.; Jean Lushin.

**Members Absent:** Mark Anthony Catanzarite; Paul Ricketts; John Brown.

#### I. Call to Order

Senator Marvin Riegsecker, Chairman of the Commission, called the meeting to order at 10:10 am.

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<sup>1</sup> Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

## II. Introduction of Members \ Discussion of Study Topics

After introduction of Commission members, Chairman Riegsecker briefly described the study topics of the Commission:

- (1) Local government financing, structure, and methods of providing necessary services to the public to determine the most appropriate and efficient means of providing services.
- (2) Merger and consolidation of municipal corporations and the sharing of services among municipal corporations to improve the efficiency of local government.
- (3) Creation of local charter governments and the restructuring of municipal corporations, including a review of Senate Bill 225-2004, which proposed allowing local governments to establish charter governments.
- (4) The efforts of Fort Wayne and Allen County to restructure municipal and county government.
- (5) The ongoing study conducted by Vanderburgh County concerning the restructuring of local government.
- (6) The efforts of other states to consolidate local government.
- (7) Township government (HB 1155-2004).

## III. Testimony of Jamie Palmer, Center for Urban Policy and the Environment \ IACIR

Chairman Riegsecker then recognized Jamie Palmer, a policy analyst with the Center for Urban Policy and the Environment and Associate Director of the Indiana Advisory Commission on Intergovernmental Relations (IACIR).

She explained that the IACIR includes representatives from the General Assembly, the executive branch of state government, and county, township, municipal, and regional government.

Ms. Palmer reviewed a paper concerning the IACIR's potential role in governmental reform and the elements of successful reform. She made the following points:

- Effective state and local government are important to the success of individuals and businesses in Indiana. Given increasing demographic and economic change, we should consider whether government structures, some of which have not changed in many years, are adequate.
- Discussions about reform are most effective in the context of goals for Indiana and its communities.
- Discussions about reform have been focused on cost savings. Reform efforts focused solely on cost savings are likely to be disappointing for several reasons: (1) without an understanding of desired outcomes, discussions about cost lack the context needed to judge whether we are devoting too many or too few resources; (2) Indiana already has low-cost government; our state and local governments spend less per capita than 48 other states; (3) it is easy to overestimate possible savings; and (4) consolidation is not a "magic bullet," and experience has shown that competition among local governments can be healthy.

Ms. Palmer said that the members of the IACIR and its staff were very interested in the discussion regarding these issues. She stated that the IACIR is willing to assist the

Commission. She suggested that one possible role for the IACIR could be in gathering input from around the state, and she said that in the past the IACIR has been successful in carrying out conversations around the state on controversial issues such as gambling, annexation, and the implementation of reassessment. This process often has involved framing a series of questions, collecting objective information and options for addressing issues or problems, and hosting a series of structured meetings.

Senator Tim Lanane questioned Ms. Palmer regarding the home rule powers of local government. Mayor Stephen Luecke noted that Ms. Palmer had stated that Indiana is a low-cost state when the cost of government is considered. He asked whether there were benchmarks available to measure the efficiency (and not just the cost) of delivering government services.

#### IV. COMPETE Report \ 2004 Update

Mark Lawrance, representing the Indiana Chamber of Commerce, noted that much change has occurred since the structure of government in Indiana was established. He suggested that members of the Commission must be willing to question the status quo.

He explained that in 1997 the COMPETE project (the "Coalition on Monitoring Public Efficiency and Tax Expenditures") began studying the issue of how local government would be structured if it were established today. Mr. Lawrance stated that COMPETE used certain counties as examples and that they conducted interviews and used data from the State's Local Government Database ("LOGODABA"). He explained that in 2003, information was gathered on the potential cost savings from increases in efficiency that would result from the implementing the COMPETE recommendations.

Mr. Lawrance emphasized that no one specific solution for making local government more efficient will "fit" all 92 counties. He said that the goal of the report is to generate discussion on the issues, and that no one is questioning the effort of local government, only the structure.

Cris Johnston from Crowe Chizek explained that over 100 interviews were conducted in preparing the COMPETE report. The report included 32 recommendations, which were based on five principles of how local government should be organized:

- (1) local government structure should reflect clear lines of accountability;
- (2) units of government must cooperate with one another;
- (3) encouraging fiscal responsibility;
- (4) officers should have the necessary training and qualifications; and
- (5) those who benefit from services should pay for those services.

Mr. Johnston noted that the 2004 update to the COMPETE report (by the Indiana Project for Efficient Local Government) estimated a total of \$64 million to \$122 million in annual savings if the recommendation in the report were adopted. He said that the 2004 update also included a section summarizing other studies related to government efficiency or consolidation. Mr. Johnston also emphasized three recommendations from the COMPETE report and the 2004 update: (1) the property assessment process; (2) poor relief; and (3) the structure of local government.

The Commission then discussed COMPETE's recommendation to remove the assessing function from townships and centralize that function under the county assessor.

Mr. Johnston also described the COMPETE report's finding that for every \$1 in poor relief

assistance, 90 cents was appropriated for administrative costs. He explained that the COMPETE report recommends that poor relief funding and services should be shifted from townships to the county. Mr. Johnston stated that if a standard of 10% administrative expenses were met, savings would be approximately \$26 million. He said that the 10% standard is based on administrative expense ratios of the Family and Social Services Administration (FSSA) and on philanthropic organizations.

Commission member Jean Lushin pointed out that this analysis is based on appropriations, not expenditures. He also questioned whether the FSSA was the proper model for poor relief standards, because FSSA assistance is different from poor relief and is delivered differently.

Representative Bob Alderman asked Mr. Johnston how success would be measured in judging consolidation of government. Representative Alderman suggested that efficiency, cost savings, quality of services, and accessibility are important factors. He also noted that Marion County is the only example in Indiana of consolidated government.

In response to a question from Representative Bob Kuzman, Mr. Johnston stated that the COMPETE report's recommendations regarding multi-county jails and joint purchasing could be implemented under the current interlocal cooperation laws. Representative Kuzman asked what incentives can be used to encourage the use of these approaches.

Commission member Ron Spencer stated that township assessors' subjectivity can be mitigated through the use of standardized assessing software.

#### V. Allen County \ Fort Wayne Issues

Senator Long reported to the Commission concerning government reorganization efforts in Allen County and Fort Wayne. He explained that in the last session of the General Assembly, he had authored Senate Bill 225, which would have authorized charter government. Senate Bill 225 would have authorized a commission to develop a plan for reorganization of local government in Allen County, including a consolidation of governments in the county. Under the bill, if the reorganization commission decided to proceed with a government reorganization, a local referendum on the reorganization would have been submitted to all voters in the county.

Senator Long stated that when the idea of consolidation in Allen County was considered in the 1990s, the economy was strong and there was less incentive to change the status quo. The idea is being considered again, as county and municipal governments face fiscal challenges. Senator Long also noted the large (and growing) percentage of county residents who live in Fort Wayne.

Senator Long stated that when Senate Bill 225 was considered in the last session, small communities in Allen County may have felt threatened or may have believed that they did not have sufficient input in the process. He said that if a consensus can be reached, he hopes to bring a legislative proposal to the General Assembly in 2006.

#### VI. Vanderburgh County Issues

Joe Kiefer, a member of the Evansville City Council, stated that in 2002 the City Council commissioned a study to look at issues related to government consolidation in Vanderburgh County. He stressed the need to study the issue in a nonpartisan manner.

John Dunn, the chairman of the study committee, reviewed the mission statement and the structure of the committee.

Dr. Phil Fisher, the former dean of the University of Southern Indiana School of Business, explained that approximately 40 people were involved with the study, and that for the past 12 months the study committee has been conducting interviews with city, township, and county officials. He said that the study committee had established subcommittees to study (1) economic development and taxation; (2) health and safety issues; (3) government services; and (4) government structure.

Dr. Fisher described a meeting of the study committee attended by more than 200 people. At the meeting, facilitators assisted with group discussions, and suggestions from the public were sorted into ten categories: support for unification; more professionally managed government; better communication; fair taxation; suggestions for better access; suggestions for non-partisan government; requests for expanded services; opposition to unification; public education; and miscellaneous issues.

In reply to a question from Representative Kuzman regarding what changes the General Assembly might have to make, Dr. Fisher noted that most of what local government does is limited in some way by statute.

## VII. Testimony of Steve Buschmann, Indiana Township Association

Steve Buschmann, representing the Indiana Township Association, stated that a crucial -- but difficult to answer -- question was how "efficient government" is defined. He suggested that the question could be answered by determining whether: (1) government is providing necessary services; (2) these services are provided at a price citizens are willing to pay; and (3) citizens have the most direct access possible to service providers and decision-makers.

Mr. Buschmann then described certain features of the poor relief process (e.g., the assistance is for basic services, such as groceries; job searches are required of recipients).

Mr. Buschmann made the following additional comments:

- township government consumes approximately 2% of property taxes;
- although some may argue that consolidation will lead to greater efficiency, one problem that may result is lack of access to decision-makers;
- before restructuring local government, it is necessary to determine what local government should do;
- local government is most efficient when citizens have direct access to it; and
- the General Assembly should remain as the final arbiter of local government structure.

Senator Long commented that in some rural areas, the township trustee may be the most efficient method of local government, but that not all townships (urban and rural) can be grouped together when examining the issues.

In response to questions from Representative Dennis Avery and Senator Frank Mrvan, Mr. Buschmann explained that township boards have home rule power, control appropriations, and are involved in approving agreements related to fire protection.

#### VIII. Testimony of Mayor Ted Ellis, IACT President

Mayor Ted Ellis of Bluffton, President of the Indiana Association of Cities and Towns, noted the importance of defining the term "efficiency."

He suggested that the term means providing the desired level of services at the lowest cost and that the desired level of services will vary from city to city. Mayor Ellis stated that local communities are best equipped to make these decisions regarding levels of service, and he commented that the current "paint by numbers" approach in Indiana law could be improved.

#### IX. Testimony of Chris Beeson, Vice President, Association of Indiana Counties

Chris Beeson, Wayne County Auditor, testified on behalf of the Association of Indiana Counties (AIC). He stated that the AIC is willing to provide information to assist the Commission in its work.

Mr. Beeson made the following points in his testimony:

- the Commission should not assume that appointed officers are more competent than elected officers, and that appointed officers may not be as responsive;
- many methods of service delivery have been developed by Indiana counties;
- regardless of the structure of local government, a willingness to cooperate is essential;
- in Wayne County, an "assessing office" has been created through cooperation between the townships and the county, which has led to savings; and
- constitutional term limits on certain county government offices have led to inefficiencies and difficulty in attracting younger candidates who are qualified.

#### X. Testimony of Bob Kraft, Indiana Farm Bureau

Bob Kraft of the Indiana Farm Bureau (IFB) testified that the IFB is the largest general farm organization in Indiana. He stated that the IFB supports the principles of local control and voluntary changes in the structure of government, and that the IFB is in favor of maintaining the duties of township trustees. He also explained that the IFB's policy positions are developed through lengthy "grass roots" procedures.

Mr. Kraft stated that rural citizens do not want to be without a voice in determining government services, and that consolidation can diminish that voice. He asked the

Commission members to consider the interests of rural citizens.

Mr. Kraft also provided the Commission members with copies of the IFB's "County Government Statistical Report."

#### XI. Next Meeting

Chairman Riegsecker stated that the next meeting of the Commission would be held at **10:00 am on August 24th in the State House**. Chair Riegsecker requested that Commission members notify him or the staff of any specific issues they wished the Commission to address.

#### XII. Adjournment

Chair Riegsecker adjourned the meeting at 12:45 pm.